

### REMARKS

Applicants reply to the Office Action mailed March 17, 2009 within three months. Claims 47-72 are pending in the application and the Examiner rejects claims 47-72. Support for Applicants' amendments may be found in the originally-filed specification, claims and drawing figures.

The Examiner rejects claims 47-72 under 35 U.S.C. 101 "because the claimed invention is directed to non-statutory subject matter" (Office Action, page 3). Applicants respectfully disagree with this rejection, but Applicants present amendments to the claims in order to clarify that the claims are directed to statutory subject matter.

With respect to claims 47 and 62, the Examiner states, "The instant claims are neither positively tied to a particular machine that accomplishes the claimed method steps nor transform[s] the underlying subject matter" (Office Action, page 3). Applicants respectfully disagree. Each element of claims 47 and 62 are tied to "a particular machine." For example, some of the elements of claim 47 are: "receiving, *at a radio frequency identification (RFID) reader . . . decrypting, at the RFID reader . . . converting, at the RFID reader . . . transmitting the magnetic stripe formatted identifier from the RFID reader via a point of sale (POS) device to a merchant server that includes a processor . . . requesting, by the RFID reader . . . receiving, at the RFID reader . . . indicating, at the RFID reader . . . wherein the updated total recurring billing amount is submitted via a network interface*" (Claim 47; emphasis added). Similar elements relating to a particular machine(s) are found in claim 62.

With respect to claims 71 and 72, the Examiner states the claims "recite[] a merchant server and a merchant system which [do] not include any type of hardware such as [a] processor or memory to constitute a machine" (Office Action, page 3). Applicants respectfully disagree. Applicants assert that Applicants' "merchant server" and "merchant system" are "particular machines" themselves, and therefore claims 71 and 72 represent statutory subject matter. However, to further clarify that the claims are directed to statutory subject matter, Applicants amend claim 71 to recite, among other things, "A merchant server that includes *a processor*, the merchant system configured to" (emphasis added). Applicants also amend claim 72 to recite, "A merchant system, comprising: a server comprising *a processor* and a database" (emphasis added). Applicants therefore respectfully request allowance of independent claims 47, 62, 71 and 72.

Dependent claims 48-61 and 63-70 variously depend from independent claims 47 and 62. Therefore, Applicants assert that dependent claims 48-61 and 63-70 are patentable for at least the same reasons stated above with respect to independent claims 47 and 62, as well as in view of their own respective features

Applicants respectfully submit that the claims are allowable and therefore respectfully request a notice of allowance. Should the Examiner have any suggestions to place the application in even better condition for allowance, Applicants request that the Examiner contact the undersigned representative at the telephone number listed below. Reconsideration of the application is thus requested.

Respectfully submitted,

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DLB  
David G. Barker  
Reg. No. 58,581

**SNELL & WILMER L.L.P.**  
400 E. Van Buren  
One Arizona Center  
Phoenix, Arizona 85004  
Phone: 602-382-6376  
Fax: 602-382-6070  
Email: dbarker@swlaw.com